

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL NINE)

Docket No. RM2017-13

**USPS RESPONSES TO QUESTIONS 1-2
OF CHAIRMAN'S INFORMATION REQUEST NO. 1**
(October 16, 2017)

The United States Postal Service hereby provides its responses to Questions 1-2 of Chairman's Information Request No. 1, issued October 10. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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1. Please refer to Proposal Nine. The Postal Service states that “[f]or city letter routes in ZIP Codes that are not included in the ODIS/RPW digital sampling frame, the current methodology of manually sampling DPS mail would continue, and those estimates would be combined with the digital DPS estimates to produce the distribution key for DPS mail used to apportion street activity costs to categories of mail in Cost Segment 7 (CS7) of the CRA.” Petition, Proposal Nine at 2-3.
 - a. Please confirm that the sets of variables observed through the manual and digital sampling procedures relevant to DPS mail are identical. If not confirmed, please discuss the differences between the two sets of variables. Please provide, for each of the two sampling procedures, the list of the observed variables that are relevant to DPS mail.
 - b. Please describe the methodology the Postal Service plans to use to combine the estimates from the manually sampled CCCS DPS mail data and digitally sampled ODIS-RPW DPS mail data.

RESPONSE:

- a. Not confirmed. The relevant variables in the manual sampling of DPS mail are:

MAILCODE – created based on the mail classification and shape entered into CODES by the DCT

SKIP – Skip count utilized by the DCT when sampling¹

COUNT – number of pieces sampled by the DCT

DAL – identifies if a mailpiece is a Detached Address Label (DAL)

The relevant variables in the ODIS-RPW digital sampling of DPS mail are:

Mail_Class – First Class, Marketing/Standard Mail (Regular or Non-Profit), Periodical, Priority, International, Free

Marking – Pre-Sort or Single Piece (First Class mail only)

Mailer – Private, USPS, Government

ECR_Marking –None, ECRLOT, ECRWSH, ECRWSS (Marketing/Standard Mail only)

¹ If an “X5” skip variable is selected by the data collector, where a container skip is applied, End of Run (EOR) data are used in the estimation for those mailpieces.

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Image_Number – used to match mailpiece record to digital image report to determine carrier id type

DAL – ECRLT, ECRWSH, ECRWSS, Bound Printed Matter, Periodical, none

The corresponding mailcode for CCCS is assigned to the digitally sampled piece based on the values of the variables collected during ODIS-RPW digital testing.

As discussed in Docket No. RM2015-11, the difference between a letter and a card cannot be identified from a digital image. The ratio of letter and card volume collected from the manually sampled DPS letters on non-digital ODIS-RPW tests will be used to split the letter and card volume for First-Class Mail tested digitally. This alternative methodology was approved in Order No. 2739 (September 30, 2015). CCCS will utilize the same methodology. During CCCS manual sampling, DCTs will continue to record whether the mailpiece is a letter or a card.

b. The estimates of mail volume from the manually sampled CCCS DPS mail data and the digitally sampled ODIS-RPW DPS mail data are collected independently of each other. To obtain the combined estimate of DPS mail data, the values for the corresponding mail categories will be added together. The point estimates for the volume totals will be added together to get the final estimates for mail volume. This is the same methodology used by ODIS-RPW to combine digitally sampled and manually sampled mail estimates.²

² In Docket No. RM2016-1, in response to CHIR No. 1 question 1.b (November 6, 2015), an example is given to answer a similar question.

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2. Please refer to Docket No. RM2015-11. The Postal Service explained that it sought to digitally sample most mail characteristic data for approximately 9 percent of Mail Exit Points (MEPs).³ The Postal Service selected MEPs for digital sampling based upon certain criteria. See Docket No. RM2015-11, Responses to CHIR No. 1, question 1a.
- a. Please confirm that the criteria used to determine the MEPs for digital sampling is the same criteria discussed in Docket No. RM2015-11, Responses to CHIR No. 1, question 1a. If not confirmed, please provide the current criteria the Postal Service uses to select the MEPs for digital sampling.
 - b. Please provide the number and the percentage of MEPs where the Postal Service collects ODIS-RPW data digitally.

RESPONSE:

- a. Not confirmed. We have expanded the criteria used for ODIS-RPW digital sampling to include:
 - i. An average of 5,000+ pieces run on Second Pass Delivery Point Sequence or DPS (Operation 919) per day—obtained from End of Run data
 - ii. Consistently run on DPS every month (for 13 months)
 - iii. Cannot currently be tested in the same MEP as another ZIP Code with less than 5,000 pieces DPS
 - iv. Current MEP where ZIP code is tested must be Letters only
 - v. Current MEP where ZIP code is tested must include DPS Letters
 - vi. Current MEP where ZIP code is tested must be for the Entire Office, City Carriers, or Rural Carriers (not just Box Section or Caller/Firm)

³ Docket No. RM2015-11, Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider a Proposed Change in Analytical Principles (Proposal Three), July 14, 2015, Proposal Three at 3 (Proposal Three Petition); Docket No. RM2015-11, Responses of the United States

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- b. For FY2018 quarter 1, the entire population (all mail) consists of 66,788 MEPS, of which 12,329 are digital MEPS. The percentage of ODIS-RPW MEPS that are digital is 18.46 percent.